

By: Zaffirini
(Thompson of Harris, et al.)

S.B. No. 643

Substitute the following for S.B. No. 643:

By: King of Hemphill

C.S.S.B. No. 643

A BILL TO BE ENTITLED

AN ACT

relating to the conduct of charitable bingo.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 2001.002(19) and (25-a), Occupations Code, are amended to read as follows:

(19) "Nonprofit organization" means an unincorporated association or a corporation that is incorporated or holds a certificate of authority under Chapter 22, Business Organizations Code [~~the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes)~~]. The organization:

(A) may not distribute any of its income to its members, officers, or governing body, other than as reasonable compensation for services; and

(B) must have obtained tax exempt status under Section 501(c), Internal Revenue Code of 1986.

(25-a) "Regular license" means a license to conduct bingo [~~that is~~] issued by the commission under Subchapter C that is not a temporary license [~~and that expires on the first or second anniversary of the date of issuance unless revoked or suspended before that date by the commission. The term includes an annual license~~].

SECTION 2. Section 2001.103, Occupations Code, is amended by amending Subsections (e) and (g) and adding Subsection (i) to read as follows:

1 (e) Notwithstanding any other provision of this subchapter
2 ~~[Subsection (c)]~~, the commission shall issue to an authorized
3 organization that holds a regular ~~[an annual]~~ license to conduct
4 bingo 48 ~~[may receive not more than 24 temporary licenses during the~~
5 ~~12-month period following the issuance or renewal of the license.~~
6 ~~The holder of a license that is effective for two years may receive~~
7 ~~not more than 24]~~ temporary licenses for each 12-month period that
8 ends on an anniversary of the date the regular license was issued or
9 renewed. Each unused temporary license issued to the license holder
10 expires on the anniversary of the date the temporary license was
11 issued.

12 (g) Before using ~~[An organization that has been issued]~~ a
13 temporary license issued under Subsection (e), the license holder
14 ~~[(f)]~~ shall notify the commission in the manner the commission
15 prescribes of the specific date, ~~[and]~~ time, and location of the
16 bingo occasion for which the temporary license will be used ~~[before~~
17 ~~using the license]~~. The ~~[If the commission receives the~~
18 ~~notification by noon of the day before the day the temporary license~~
19 ~~will be used, the]~~ commission shall provide to the license holder
20 verification of the commission's ~~[verify]~~ receipt of the
21 notification ~~[notice before the end of the business day on which the~~
22 ~~notice is received. If the commission does not receive the~~
23 ~~notification by noon of the day before the day the temporary license~~
24 ~~will be used, the commission shall verify receipt of the notice~~
25 ~~before noon of the business day that follows the day the commission~~
26 ~~received the notice]~~. The license holder shall maintain the
27 verification in the records of the authorized organization.

1 (i) The notice requirements of Sections 2001.305(b) and (c)
2 do not apply to a temporary license issued to the holder of a
3 regular license.

4 SECTION 3. Sections 2001.105(a) and (c), Occupations Code,
5 are amended to read as follows:

6 (a) The commission shall issue a temporary or regular
7 license or renew a regular license to conduct bingo if the
8 commission determines that:

9 (1) the member or members of the applicant designated
10 in the application to conduct bingo are active members of the
11 applicant;

12 (2) the bingo is to be conducted in accordance with
13 this chapter;

14 (3) the proceeds of the bingo are to be disposed in
15 accordance with this chapter;

16 (4) the applicant has made and can demonstrate
17 significant progress toward the accomplishment of the purposes of
18 the organization during the 24 [~~12~~] months preceding the date of
19 application for a license or regular license renewal;

20 (5) all persons who will conduct, promote, or
21 administer the proposed bingo are active members of the applicant
22 organization and all other persons who will assist in conducting,
23 promoting, or administering the proposed bingo games are persons
24 authorized to do so by Section 2001.411; and

25 (6) no person under whose name bingo will be conducted
26 and no person working at the proposed bingo has been convicted of a
27 gambling offense or criminal fraud.

1 (c) A regular [~~Except as provided by Section 2001.104(d), a~~
2 license to conduct bingo issued under this subchapter expires on
3 the second anniversary of the date of issuance unless the
4 commission revokes or suspends the license before that date [~~is~~
5 ~~effective for one year~~].

6 SECTION 4. Sections 2001.305(b) and (c), Occupations Code,
7 are amended to read as follows:

8 (b) Except as provided by Section 2001.103(i), immediately
9 [~~Immediately~~] after issuing a license, the commission shall send a
10 copy of the license to the appropriate governing body. The
11 governing body shall file the copy of the license in a central file
12 containing licenses issued under this chapter.

13 (c) Except as provided by Section 2001.103(i), not [~~Not~~
14 later than the 10th day after the date a license is issued, the
15 commission shall give written notice of the issuance of the license
16 to:

17 (1) the police department of the municipality in which
18 bingo will be conducted, if bingo is to be conducted in a
19 municipality; or

20 (2) the sheriff of the county in which bingo will be
21 conducted, if bingo is to be conducted outside a municipality.

22 SECTION 5. Section 2001.315(a), Occupations Code, is
23 amended to read as follows:

24 (a) A person who fails to renew the person's license under
25 this chapter before the date the license expires may renew the
26 license after the expiration date by:

27 (1) filing a license renewal application with the

1 commission not later than the 14th day after the date the license
2 expires, paying the applicable [~~annual~~] license fee, and paying a
3 late license renewal fee equal to 10 percent of the [~~annual~~] license
4 fee; or

5 (2) filing a license renewal application with the
6 commission not later than the 60th day after the date the license
7 expires, paying the applicable [~~annual~~] license fee, and paying a
8 late license renewal fee equal to 10 percent of the [~~annual~~] license
9 fee for each 14-day period occurring after the date the license
10 expires and before the date the renewal application is filed with
11 the commission.

12 SECTION 6. Section 2001.401, Occupations Code, is amended
13 to read as follows:

14 Sec. 2001.401. RESTRICTIONS ON PREMISES PROVIDERS. A
15 person may not, for direct or indirect consideration, lease or
16 otherwise make a premises available for conducting bingo unless the
17 person is:

- 18 (1) a licensed commercial lessor; or
19 (2) a person who leases or otherwise makes available
20 premises to an organization that:
21 (A) has been issued a temporary license; and
22 (B) does not hold a regular license.

23 SECTION 7. Section 2001.413, Occupations Code, is amended
24 to read as follows:

25 Sec. 2001.413. PAYMENT [~~ADMISSION CHARGE~~] REQUIRED. Except
26 as provided by Section 2001.4155, a licensed authorized
27 organization may not offer or provide to a person the opportunity to

1 play bingo without payment [~~charge~~].

2 SECTION 8. Section 2001.419(a), Occupations Code, is
3 amended to read as follows:

4 (a) A licensed authorized organization may not conduct more
5 than three bingo occasions during a calendar week under a regular
6 [~~an annual~~] license.

7 SECTION 9. Section 2001.420(b), Occupations Code, is
8 amended to read as follows:

9 (b) A person may not offer or award on a single bingo
10 occasion prizes with an aggregate value of more than \$5,000
11 [~~\$2,500~~] for all bingo games other than:

- 12 (1) pull-tab bingo; or
13 (2) bingo games that award individual prizes of \$50 or
14 less.

15 SECTION 10. Section 2001.435(b), Occupations Code, is
16 amended to read as follows:

17 (b) Each member of a unit shall deposit into the unit's
18 bingo account all funds derived from the conduct of bingo, less the
19 amount awarded as cash prizes [~~under Sections 2001.420(a) and (b)~~].
20 The deposit shall be made not later than the third [~~second~~] business
21 day after the day of the bingo occasion on which the receipts were
22 obtained.

23 SECTION 11. Section 2001.438, Occupations Code, is amended
24 by amending Subsection (f) and adding Subsection (f-1) to read as
25 follows:

26 (f) Each licensed authorized organization that is a member
27 of the unit shall be jointly and severally liable for:

1 (1) compliance with the requirements of this
2 subchapter and the rules of the commission relating to the filing of
3 required reports;

4 (2) the maintenance of bingo inventory and financial
5 records; and

6 (3) except as provided by Subsection (f-1), the
7 payment of any penalties imposed for a violation of this subchapter
8 or commission rules related to the operations of the unit.

9 (f-1) If a unit on which a penalty is imposed under
10 Subsection (f)(3) demonstrates that a violation is wholly
11 attributable to a specific licensed authorized organization member
12 or members of the unit:

13 (1) a penalty for the violation may not be imposed on a
14 unit member to which the violation is not attributable; and

15 (2) the penalty imposed on a unit member to which the
16 violation is attributable may not be in an amount greater than the
17 amount initially assessed against each unit member.

18 SECTION 12. Sections 2001.451(b), (g), and (i), Occupations
19 Code, are amended to read as follows:

20 (b) Except as provided by Section 2001.502(a), a licensed
21 authorized organization shall deposit in the bingo account all
22 funds derived from the conduct of bingo, less the amount awarded as
23 cash prizes [~~under Sections 2001.420(a) and (b)~~]. Except as
24 provided by Subsection (b-1), a deposit must be made not later than
25 the third business day after the day of the bingo occasion on which
26 the receipts were obtained.

27 (g) The bingo operations of a licensed authorized

1 organization must ~~+~~

2 ~~[(1) result in net proceeds over the organization's~~
3 ~~license period; or~~

4 ~~[(2) if the organization has a two-year license,]~~
5 result in net proceeds over each 24-month ~~[12-month]~~ period that
6 ends on the second ~~[an]~~ anniversary of the date the ~~[two-year]~~
7 license was issued.

8 (i) Prize fees ~~[held in escrow for remittance to the~~
9 ~~commission]~~ are not included in the calculation of operating
10 capital under Subsection (h) if the prize fees are:

11 (1) held in escrow for remittance to:

12 (A) the commission; or

13 (B) a county or municipality; or

14 (2) retained by a licensed authorized organization.

15 SECTION 13. Sections [2001.502](#)(b) and (c), Occupations Code,
16 are amended to read as follows:

17 (b) Notwithstanding Subsection (a)(2), each quarter, a
18 licensed authorized organization or unit that collects a prize fee
19 under Subsection (a) for a bingo game conducted in a county or
20 municipality that was entitled to receive a portion of a bingo prize
21 fee as of January 1, 2019, shall remit 50 percent of the amount
22 collected as the prize fee to the commission and shall remit or
23 deposit the remainder of the amount collected as the prize fee as
24 follows:

25 (1) if the county ~~[or municipality]~~ in which the bingo
26 game is conducted voted before November 1, 2019, to impose the prize
27 fee and ~~[, remit 50 percent of the amount collected as the prize fee~~

1 ~~to:~~

2 [~~(A) the county that voted to impose the fee by~~
3 ~~that date, provided]~~ the location at which the bingo game is
4 conducted:

5 (A) is not within the boundaries of a
6 municipality, remit 50 percent of the amount collected as the prize
7 fee to the county [~~that voted to impose the prize fee by that date~~];
8 or

9 (B) is within the boundaries of a [~~the~~]
10 municipality that:

11 (i) voted before November 1, 2019, to
12 impose the prize fee, remit 50 percent of the amount collected as
13 the prize fee in equal shares to the county and municipality [~~by~~
14 ~~that date, provided the county in which the bingo game is conducted~~
15 ~~did not vote to impose the fee by that date~~]; or

16 (ii) did not vote before November 1, 2019,
17 to impose the prize fee, remit 25 percent of the amount collected as
18 the prize fee to the county and deposit the remaining amount in the
19 manner described by Subdivision (3);

20 [~~(C) in equal shares, the county and the~~
21 ~~municipality, provided each voted to impose the fee before that~~
22 ~~date, or]~~

23 (2) if the county in which the bingo game is conducted
24 did not vote before November 1, 2019, to impose the prize fee and
25 the location at which the bingo game is conducted is within the
26 boundaries of a municipality that voted before November 1, 2019, to
27 impose the prize fee:

1 (A) remit 25 percent of the amount collected as
2 the prize fee to the municipality; and

3 (B) deposit the remaining amount in the manner
4 described by Subdivision (3); and

5 (3) if neither the county or municipality in which the
6 bingo game is conducted voted before November 1, 2019, to impose the
7 prize fee, deposit the remainder of the amount collected as the
8 prize fee in the general charitable fund of the organization or on a
9 pro rata basis to the general funds of the organizations comprising
10 the unit, as applicable, to be used for the charitable purposes of
11 the organization or organizations.

12 (c) The governing body of a county or municipality that
13 voted to impose a prize fee under Subsection (b) [~~(b)(1)~~] may at any
14 time vote to discontinue the imposition of the fee. If a county or
15 municipality votes on or after November 1, 2019, to discontinue the
16 fee, the fees to which the county or municipality, as applicable,
17 was entitled before the vote shall be collected by the licensed
18 authorized organization or unit as defined by Section 2001.431 and
19 deposited as provided by Subsection (b)(3) [~~(b)(2)~~].

20 SECTION 14. Section 2001.513(a), Occupations Code, is
21 amended to read as follows:

22 (a) At any time within three years after a person is
23 delinquent in the payment of an amount of the fee on prizes due to
24 the commission, the commission may collect the amount under this
25 section.

26 SECTION 15. Section 2001.514(a), Occupations Code, is
27 amended to read as follows:

1 (a) To secure payment due to the commission of the fee on
2 prizes imposed under this subchapter, each license holder shall
3 furnish to the commission:

4 (1) a cash bond;

5 (2) a bond from a surety company chartered or
6 authorized to do business in this state;

7 (3) certificates of deposit;

8 (4) certificates of savings;

9 (5) United States treasury bonds;

10 (6) subject to the approval of the commission, an
11 assignment of negotiable stocks or bonds; or

12 (7) other security as the commission considers
13 sufficient.

14 SECTION 16. Section 2001.515, Occupations Code, is amended
15 to read as follows:

16 Sec. 2001.515. COMMISSION'S DUTIES. The commission shall
17 perform all functions incident to the administration, collection,
18 enforcement, and operation of the fee on prizes imposed under this
19 subchapter for amounts due to the commission, including any
20 necessary reconciliation of a prize fee held by the commission that
21 is due to a county or municipality.

22 SECTION 17. The following provisions of the Occupations
23 Code are repealed:

24 (1) Section 2001.103(f);

25 (2) Section 2001.420(a); and

26 (3) Section 2001.459(b).

27 SECTION 18. Not later than January 1, 2024, the Texas

1 Lottery Commission shall adopt the rules necessary to implement the
2 changes in law made by this Act to Chapter 2001, Occupations Code.

3 SECTION 19. (a) Section 2001.103(g), Occupations Code, as
4 amended by this Act, applies to a notification of the Texas Lottery
5 Commission by a license holder on or after the effective date of
6 this Act. A notification before the effective date of this Act is
7 governed by the law in effect on the date of the notification, and
8 the former law is continued in effect for that purpose.

9 (b) Section 2001.438, Occupations Code, as amended by this
10 Act, applies only to a penalty imposed on or after the effective
11 date of this Act. A penalty imposed before the effective date of
12 this Act is governed by the law in effect on the date the penalty was
13 imposed, and the former law is continued in effect for that purpose.

14 SECTION 20. This Act takes effect September 1, 2023.